exchange larger than a cash were needed. The demand was not met by coins. Under some dynasties paper money made partial provision for it. Gold was seldom used as a medium of exchange but only for jewelry and in the arts, or in ingots or gold leaf for hoarding. The customary device was silver ingots. These were not minted by the government, but were issued by private initiative. The unit was the *tael* (the foreign name for the Chinese *Hang}.* Theoretically a *tael* was worth a thousand cash, but in practice the actual weight and fineness varied from locality to locality and from agency to agency. There were at least seventy-seven distinct kinds of *taels*—and probably more than twice that number. Thus the Shanghai *tael* differed from the Hankow *tael* and that of the imperial Board of Revenue from that of the Maritime Customs. By Western standards, the *tael* was usually somewhere between five hundred and six hundred grains, Troy measure, of pure silver. (It will be recalled that the American dollar is 412.5 grains in weight, and of .900 fineness.) The Chinese lump silver of commerce was called sycee *(hsi ssu)* and was made up into ingots of varying fineness and shape, called by foreigners ''shoes"—a term whose derivation is uncertain. The weight of a shoe also was not fixed, but was usually slightly above or below fifty *taels.* The Chinese divided the *tael* according to a decimal system. The foreigner called the tenth of a *tael* a *mace* and the hundredth part of a *tael* a *candareen.* In practice, in making payments which required silver of a fractional part of a shoe, a portion of the ingot was cut off. Weighing pieces of silver and testing them for fineness formed a regular part of

business transactions and necessitated the assistance of experts.

Naturally all this variation in the currency was a handicap to business, not only within the Empire as a whole but within individual cities and communities.

Given this development of commerce and this complexity of the currency, banking almost inevitably came into existence. Apparently it began at least as early as the T'ang. Its chief functions were domestic exchange. Banks dealt in drafts which made possible the buying and selling of goods between towns and cities of the Empire with the minimum shipment of silver. They assisted in the transfer of government funds. They facilitated change. They issued bills which circulated locally as money.